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APACHE COUNTY FINANCE DEPARTMENT

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KARLA F. JAMES
Finance Director
Ext. 7104

August 5, 2003

Debra K. Davenport, CPA
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Re: Corrective Action Plan - Fiscal Year Ended June 30, 2002

Dear Ms. Davenport:

The following corrective action plan has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's schedule of findings and questioned costs.

Sincerely,

Karla James
Finance Director

APACHE COUNTY, ARIZONA
Corrective Action Plan
Year Ended June 30, 2002

Financial Statement Findings

02-01 Internal Control in the County Treasurer's Office

Name of Contact Person: Betty Montoya

Anticipated Completion Date: June 30, 2004

Request for direction on the distribution of the unidentified cash has been made to Brad Carlyon, Chief Deputy County Attorney.

The establishment of written policies and procedures will be an ongoing project for this office and will be worked on as time allows. Completion will probably occur sometime after June 30, 2004.

At the time of this writing, this office has already implemented a redistribution of duties in compliance with this finding.

Along with the establishment of written policies, this office is defining procedures that ensure supporting documentation and records are accurate and facilitate reconciliations to the cash journal.

This office has established procedures for verification of hand calculated summaries against computer generated information to assure accuracy and protect against risk of fraud. This procedure is performed by persons not involved in the initial compilations of information by hand.

Federal Award Findings and Questioned Costs

02-101 - Allowable Costs / Cost Principles

CFDA No. 83.556 Fire Management Assistance Grant

Name of Contact Person: Karla James

Anticipated Completion Date: June 30, 2003

The questioned costs were the result of the necessity of submitting a billing to the Federal and State agencies prior to the generation of ledger reports. The billing was based on the assorted documentation available at that time.

If the County receives another Emergency grant of this type, any billings submitted will be reconciled to the county's ledger records and any necessary corrections and adjustments, to the records or to the billing will be made.

At the time of this writing, notification has been made to the grantor agency and we are expecting to receive a billing, the payment of which will close out this grant for Fiscal Year ended June 30, 2003.